

AMENDED IN SENATE APRIL 6, 2016

AMENDED IN SENATE MARCH 7, 2016

**SENATE BILL**

**No. 919**

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**Introduced by Senator Hertzberg**

January 27, 2016

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An act to add Section 711 to the Public Utilities Code, relating to water supply.

LEGISLATIVE COUNSEL'S DIGEST

SB 919, as amended, Hertzberg. Water supply: creation or augmentation of local water supplies.

(1) Under existing law, the Public Utilities Commission has regulatory authority over public utilities, including electrical corporations, as defined. The existing California Renewables Portfolio Standard Program requires a retail seller of electricity, as defined, and local publicly owned electric utilities to purchase specified minimum quantities of electricity products from eligible renewable energy resources, as defined, for specified compliance periods, sufficient to ensure that the level of procurement of electricity products from eligible renewable energy resources reaches a specified percentage of retail sales by a specified date.

This bill would require the commission, before ~~July~~ *January 1, 2017*, 2018, in consultation with the Independent System Operator, to address the oversupply of renewable energy resources through a tariff or other economic incentive for electricity purchased by customers operating "facilities that create or augment local water supplies," as defined, to reduce the cost of electricity to those facilities.

Because a violation of an order or a direction of the commission is a crime, this bill would impose a state-mandated local program.

(2) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

*The people of the State of California do enact as follows:*

1 SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3 (1) California's drought has affected every region of the state.  
4 Scientists predict our changing climate will increase the frequency,  
5 length, and severity of droughts in the future. As a result, the state  
6 must prioritize local water security.

7 (2) Traditionally, California has relied on interregional water  
8 transfers and tapping groundwater sources.

9 (3) California's water systems were developed in an era of  
10 plentiful water, delivering fresh water hundreds of miles away at  
11 little cost. Those systems allowed regions to develop without  
12 sufficient local supplies.

13 (4) During droughts, however, groundwater supplies are pumped  
14 faster than they can be replenished, and 2014 saw the lowest final  
15 calendar year allocation in the 54-year history of the state water  
16 project, just 5 percent allocated of that which was requested.

17 (5) This drought, coupled with forecasts of a changing climate  
18 featuring even more severe droughts, has forced Californians to  
19 prioritize local water security.

20 (6) There are several underutilized water resources that can be  
21 managed locally, including desalination, brackish water desalting,  
22 water recycling, and water reuse. One of the barriers to  
23 cost-effective desalination, brackish water desalting, water  
24 recycling, and water reuse is the cost of electricity because moving  
25 and treating water are energy intensive.

26 (7) Recent forecasts of California's electrical grid show  
27 substantial challenges to integrating a high fraction of electricity  
28 from renewable resources, including curtailment of resources due  
29 to oversupply. Such excess electricity could be directed through  
30 regulatory signals, demand response, and appropriate tariffs to

1 facilities that create or augment local water supplies in an effort  
2 to meet the needs for local water security and integration of  
3 generation from renewable energy resources.

4 (8) There is a clear public interest in maximizing the  
5 development and expansion of facilities that create or augment  
6 local water supplies. Given that water and energy are inextricably  
7 linked, it is also imperative that those facilities receive all available  
8 cost-effective energy efficiency, demand response, and regulatory  
9 assistance.

10 (b) It is the intent of the Legislature to expedite funding made  
11 available pursuant to the Water Quality, Supply, and Infrastructure  
12 Improvement Act of 2014 (Division 26.7 (commencing with  
13 Section 79700) of the Water Code) for projects that encourage the  
14 deployment of facilities that create or augment local water supplies,  
15 including, but not limited to, desalination, brackish water desalting,  
16 water recycling, or water reuse facilities.

17 SEC. 2. Section 711 is added to the Public Utilities Code, to  
18 read:

19 711. (a) Before ~~July January 1, 2017, 2018~~, the commission,  
20 in consultation with the Independent System Operator, shall address  
21 the oversupply of renewable energy resources through a tariff or  
22 other economic ~~incentive~~ *incentive, such as time-of-use or demand*  
23 *response*, for the electricity purchased by customers operating  
24 facilities that create or augment local water ~~supplies, such as~~  
25 ~~time-of-use or demand response~~, *supplies* to apply at the option  
26 of the customer, to reduce the cost of electricity to those facilities.

27 (b) For purposes of this section, “facilities that create or augment  
28 local water supplies” include desalination, brackish water desalting,  
29 water recycling, water reuse, and groundwater recharge facilities.

30 SEC. 3. No reimbursement is required by this act pursuant to  
31 Section 6 of Article XIII B of the California Constitution because  
32 the only costs that may be incurred by a local agency or school  
33 district will be incurred because this act creates a new crime or  
34 infraction, eliminates a crime or infraction, or changes the penalty  
35 for a crime or infraction, within the meaning of Section 17556 of  
36 the Government Code, or changes the definition of a crime within  
37 the meaning of Section 6 of Article XIII B of the California  
38 Constitution.

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